RAJYA SABHA

Thursday, the 20th July, 1989/29th Asadha, 1911 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

*41. [*The questioner (Shri Shamim Hashmi) was absent. For answer,* vide *col.* 33-34 infra.]

*42. [*The questioners (Shri Vishwa Bandhu Gupta and Shri Shanti Tyagi) were absent. For answer* vide *col.* 35 infra[.

*43. [*The questioner (Shri Vishwasrao Ramrao Patil) was absent. For answer,* vide *col.* 35-36 infra.]

Application of 'Super 301' provision of the U.S. Trade and Competitiveness Act against India

*44. DR. G. VIJAYA MOHAN REDDY:†

SHRI MOHINDER SINGH LATHER:

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that the US Government has accused India, along with Brazil and Japan, of unfair trade practices under the 'Super 301' provision of the U. S. Trade and Competitiveness Act and has also threatened with sanctions;

(b) if so, what are the reasons therefor;

(c) what are its implications on Indo-US trade relations; and

(d) what steps Government have taken/propose to take to counter this unjust move of the U.S. Government?

THE MINISTER OF COMMERCE (SHRI DINESH SINGH): (a) to (d) A statement is laid on the Table of the House.

Statement

Under "Super 301" provision of the U.S. Omnibus Trade and Competitiveness Act, 1988, the U.S. Government has identified India, Brazil and Japan as "priority foreign countries" for action under the Act. Section 301 of U.S. Trade Act provides for initiation of retaliatory action by U.S. Trade Representative when any policy or practice of their trading partner is in the judgement of U.S. authorities unfair or inequitable or inconsistent with an international agreement. Retaliatory action is mandatory where U.S. rights under an international agreement are found to be infringed and discretionary in other cases. Retaliatory action may take the form of imposition of duties or other import restrictions on the goods or fees or restrictions on the services of the foreign country concerned.

The "priority practices" identified in respect of India are: (i) trade-related investment measures that prohibit or burden investment (limits on foreign equity participation, export and local content requirements etc.); and (ii) barriers to trade in services, specifically the closure of India's insurance market to foreign insurance companies on 16 June, 1989, the U.S. Trade Representative has initiated investigation of the priority practices in order to determine whether they are actionable under Section 301 of the Trade Act.

It is difficult to say at the present moment what action U.S. would take eventually against India. But

†The question was actually asked on the floor of the House by Dr. G. Vijaya Mohan Reddy.

by initiating investigation under its laws, the U.S. has brought about some uncertainly in our export trade to U.S.A. The U.S. Government has not yet approached us for negotiations in the context of Super 301 decision. We have, however, made it clear that Government of India will not participate in any negotiations under threat of retaliation. We have used every opportunity in GATT as well as in the various negotiating groups of the Uruguay Round to voice our concerns. India's stand ha received wide support and the U.S. action has been criticised by both developed and developing countries. We hope that the pressure of international opinion ill deter U.S. from pursuing its path of unilateralism and that no action would be taken that would affect adversely the Indo-U.S. trade relations.

DR. G. VIJAYA MOHAN REDDY: Mr. Chairman, Sir, Britishers came to this country as traders and finally became our rulers. We had to fight long battles for centuries to get rid of them. Now it is the turn of the American imperialism to throw threats on the entire Indian Independence, economic system and economic progress. The sanctions which they are threatening to impose will come into effect on Ist of November when the Special 301 provisions on trade-related intellectual property rights become effective. If by that time we do not surrender by changing our patents law, which is a progressive law and propounded by our illustrious Minister, we will have to face sanctions. The U.S. can have open access to Indian markets. The threat includes limits on foreign equity participation, export and local content requirements, etc., as stated by the Minister himself. Our policy of insurance is also under threat. There is an attack on the entire gamut. We congratulate the hon. Minister on taking a very correct stand. But, at the same time, there are certain trends to be taken serious note of. We know that certain Indian business houses who have got links with multinationals are changing their stand. The present FICCI Chairman wants the patents law to be changed and he has come out openly for that. This is something very much worrying because there are certain business houses which are acting as the agents of the U.S. imperialism, because we have been threatened in our own House by a fifth column, which makes the matter very grave. (*Interruptions*)

MR. CHAIRMAN: Please do not use that word. There is no fifth column in the House.

DR. G. VIJAYA MOHAN REDDY: I want an assurance from the hon. Minister that the independence of our economic policy will be maintained and we will not surrender, especially on our patents law which has helped us a lot in our industrial progress. I want a categorical assurance because there are certain disquieting trends. The Commerce Secretary himself has said that this can be negotiated in the GATT conference.

SHRI DINESH SINGH: Mr. Chairman, Sir, I am grateful to the hon. Member for the kind words he has said about the Government's policy and about me. I can assure him that the Government's policy is formulated by the Government as approved by this Parliament and it will not be goverened by actions outside. So far as the Super 301 provision is concerned, this is not related to intellectual property. That is another issue which is being discussed in the Uruguay round and GATT. But I can assure the honourable Member that there will be no change in our Patent Law or in any policy under pressure.

DR. G. VIJAYA MOHAN REDDY: I want to seek another clarification from the honourable

Minister. There was a report a few months ago that the Indian Government had set up an inter-Ministerial committee under the Cabinet Secretary reportedly to suggest changes in the Indian Patents Act so as not to invite U.S. sanctions. Will he clarify whether such a committee has been formed and, if so, what are the deliberations of that committee?

SHRI DINESH SINGH: I am not aware of it.

श्री महेन्द्र सिंह लाठर : महोदय, मैं मंत्री महोदय से यह कहना चाहूंगा कि अमेरिका का यह डबल अटैक जो स्पेशल 301 और सुपर 301 के नाम से किया जा रहा है, मैं तो इस सुपर 301 और स्पेशल 301 को 303 का अटैक समझता हूं और इसके साथ यह भी समझता हूं कि जो अग्नि बाण हमने छोड़ा था, शायद अमेरिका ने उसका यह जवाब दिया है। मैं मंत्री महोदय से यह जानना चाहता हूं कि क्या इस सिलसिले में हमारी सरकार जापान के साथ कोई ज्वाइंट स्ट्रेटजी बना रही है ? क्या इस सिलसिले में कोई हाई लेवल मीटिंग 6-7 जून को हुई ? अगर हुई तो उसके क्या परिणाम निकले ? दूसरा यह कि क्या यह हमारे हित में है कि हम जापान जो कि एकाबाग्रिकली इतना डेवलप्ड और सुपर पावर है क्या हम उसके साथ हाथ मिलाकर चलेंगे या हम दूसरे डेवलपिंग कंट्रीज के साथ मिलकर कोई ज्वाइंट कार्यवाही करेंगे ?

श्री दिनेश सिंह : माननीय सदस्य ने जो सवाल स्पेशल 301 का उठाया है, यह समस्या इस वक्त सुपर 301 की है स्पेशल 301 की नहीं है। वह एक पृथक सवाल है। लेकिन क्योंकि यह इससे संबंधित है इसलिये मैं माननीय सदस्य को सूचित करना चाहूंगा कि हमारी बातचीत इन सब बातों के संबंध में और जो उरुगे राउंड में बातचीत हो रही है, इस संबंध में तमाम देशों के साथ बात हो रही है। विकासशील देशों और विकसित देशों, दोनों से बातें हो रही हैं। जहां तक सुपर 301 का सवाल है मैं माननीय सदस्य को बताना चाहूंगा कि इस संबंध में बहुत से देशों का हमको समर्थन प्राप्त है।

SHRI BIR BHADRA PRATAP SINGH: I would like to ask the honourable Minister two questions: (a) What measures is the Government considering as a counter or reciprocal measure against the American business or business managers? (b) How can we ensure that the developed countries like EEC do not make us a front or a scapegoat? What concrete steps has the Government taken to avoid this position and what concessions are these industrialised countries other than the USA going to offer us to fight their cause? Verbal appreciation of these countries is okay. But will they allow us entry of our goods in their market without any trade-related barriers for our loss in fighting out this cause of theirs against the US?

SHRI DINESH SINGH: We hope that the United States Government would not take any trade-related action which will call for any counter-measure by us. So far as cooperation of other countries is concerned, we have, as I said earlier, the support of a large number of countries and there is no counter point. It is not that because they are supporting us they will expect something from us. This is a matter in which the laws of these countries are affected and, therefore, to preserve their own sovereignty, these countries have reacted.

So far as the question of lifting of the quotas is concerned, that is entirely a different issue.

MR. CHAIRMAN: Mr. Gurupadaswamy.

SHRI M. S. GURUPADASWAMY: Sir, since the United States has taken some decision which is going to affect us in our trade relations with that country,

may I know from him whether there were any talks earlier between the Government of India and the Government of the United States in this regard about the infringement of trade practices, trade norms, etc. and whether, as a result of the failure in our talks, this has come now, that we have been blacklisted ? How is it that it has come about all of a sudden? It has been there for a long time and it cannot come all of a sudden. There should have been some dialogue and some talks and some misunderstanding or something like that. May I ask my friend, the Minister, to enlighten us on this?

SHRI DINESH SINGH: Sir, the honourable Member, if I understood him correctly, is implying that because of our failure to represent our case to the Government of the United States they have decided to take this action. May I inform the honourable Member that it is not a question of our pleading with the United States Government? We are a sovereign country and we have to decide our own laws and we are not going to be guided by any other country.

SHRI M. S. GURUPADASWAMY: Sir, I think my friend has misunderstood me. He has misunderstood me. My question was whether there was any discussion of any sort regarding this, about our differences on this.

SHRI DINESH SINGH: Sir, the US Government sought some information from us and that information had been given.

MR. CHAIRMAN: Yes, Mr. Kulkarni.

SHRI A. G. KULKARNI: Sir, on page 2 of the statement it has been stated that it has, however, been made clear that the Government of India will not participate in any negotiation, but there is some uncertainty about our export trade with the USA. I am only interested in knowing from the honorable Minister whether the Government of India's concern about the export trade with the US will particularly affect the handloom products or products of hand-made variety like shoes, etc. which give a large amount of employment in this country and whether, for this purpose any indication has been given by the Government.

Secondly, the Minister has stated that ultimately all relates to the trade-related intellectual property rights. I am quite happy that the Government has taken a fortnight stand on trade-related intellectual property rights and the Government's attitude is quite convincing. But I am particularly interested to know whether this will affect the hand-made products in our country which give a large amount of employment in the rural areas of our country.

SHRI DINESH SINGH: Sir, it is our hope that wisdom will prevail on the Government of the United States and the Congress.

SHRI A. G. KULKARNI: It has not prevailed up till now. Sir, it has not prevailed till now and that is why they have invoked this Super 301.

SHRI DINESH SINGH: Sir, we always live in hope. But, so far as the question of where and how they will take and what action they will take is concerned, we have no indication.

MR. CHAIRMAN: Yes, Mr. Sukomal Sen.

SHRI SUKOMAL SEN: Sir, India as a sovereign country has its own laws on the limits of foreign equity investment and foreign investment in our country. Now, what I feel is that this is a

threat by the US Government to the laws of our country in regard to foreign investment, particularly on limits of equity investment, Now, about equity participation, to a certain extent I feel that our Government 's economic policy is responsible for inviting this from the US Government because in our economic policy, we have opened our doors, we have kept our doors wide open, for foreign multinationals, particularly US multinationals. The U.S. multi-nationals are coming in a big way. Perhaps they are not satisfied with the restrictions that we have imposed on them. That is why they want that those restrictions should be withdrawn. I would like to know how we are going to fight these types of threats from the U.S. Government. Are we going to do it only by protesting and by mobilising the opinion of Third-World countries against it or by changing our economic policies also which are responsible for inviting these threats? I mean the open-door policy of inviting the multi-nationals. Are we going to change this policy so that the U.S.Government can learn the lesson that we are not allowing them to exploit our markets? They want our markets for more exploitation. We have to put a check on their exploitation in our country by barring the entry of foreign mutinationals in a big way.

SHRI DINESH SINGH: Sir, the hon. Member is free to criticise our policies and we shall take full note of his views. I hope he is not trying to justify the U.S. action by saying that it is the result of our policies. I would be surprised if he is supporting the United States' action. So far as the question is concerned, the United States is saying that our policy is restrictive and not that it is too open. He is saying that if we had not opened, there would have been no action. I am afraid that there is some misundersanding of the whole process as such.

Opening of Yarn Depots

*45. SHRI KAMAL MORARKA Will the Minister of TEXTILES be pleased to state:

(a) whether any decision has been taken for opening yarn depots for making yarn available to handloom weavers; and

(b) if so, what are the details thereof indicating the number of depots to be opened; their locations, *modus operandi* of buying and selling of yarn and also whether any subsidy is to be given to the weavers?

THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA): (a) Yes, Sir.

(b) A Statement is laid on the Table of the House.

Statement

Twenty yarn depots are proposed to be opened by the end of the current financial year in yarn deficit States. The National Handloom Development Corporation (NHDC) will be the nodal agency for implementing the yearn depot scheme and will set up the depots either directly or in collaboration with State Sector/Cooperative mills, State Handloom Development Corporations. The locations of the depots will be in areas of concentration of handloom weavers which will be decided in consultation with the Directors of Handlooms of the States concerned. Yarn will be supplied to weavers at mill-gate prices.

Each yarn depot is expected to supply about 5000 bales of yarn over a period of a year and the total cost of the yarn estimated to be supplied by these depots in a year is of the order of Rs. 80 crore @ Rs. 8,000/- per bale. The NHDC will be reimbursed the cost of trasportation, interest on working capital and other